

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re	:	
	:	Chapter 11
SEARS HOLDINGS CORPORATION, et al.,	:	
	:	Case No. 18-23538 (RDD)
	:	
Debtors.¹	:	(Jointly Administered)
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**FIRST MONTHLY FEE STATEMENT OF M-III ADVISORY PARTNERS, LP
FOR COMPENSATION EARNED AND EXPENSES INCURRED
FOR PERIOD OF OCTOBER 15, 2018 THROUGH OCTOBER 31, 2018**

1. In accordance with the *Order Authorizing Debtors to Retain M-III Advisory Partners, LP to Provide a Chief Restructuring Officer and Certain Additional Personnel for Debtors Nunc Pro Tunc To Commencement Date* (ECF No. 814) (the “**Retention Order**”),² M-III Advisory Partners, LP (“**M-III**”) hereby submits its first monthly report (the “**Monthly Report**”) on compensation earned and expenses incurred for the period commencing on October 15, 2018 through and including October 31, 2018 (the “**Reporting Period**”).

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); and Sears Brands Management Corporation (5365). The location of the Debtors’ corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

² Capitalized terms not otherwise herein defined shall have the meanings ascribed to such terms in the Retention Order.

During the Reporting Period, M-III incurred total fees and expenses of \$777,089.36, comprised of \$719,985.50 of fees and \$57,103.86 of expenses.

2. During the Reporting Period, M-III provided services central to the Debtors' restructuring process, including:

- a. Chief Restructuring Officer: Mohsin Y. Meghji in his role as Chief Restructuring Officer, respectively, provided day-to-day oversight regarding issues including but not limited to: employee and vendor communications, cash/liquidity management, vendor relations and negotiations, first day motion payments, and other Chapter 11 reporting requirements, as well as supervising all activity by the M-III team and liaising with the Company's management team.
- b. Business Operations: On an ongoing basis after the Commencement Date, M-III assisted the Debtors with issues related to operating as a debtor-in-possession operating in chapter 11 such as employee, insurance, landlord disputes and other similar issues. M-III assisted the Debtors with all vendor related items including, but not limited to, vendor strategy, negotiation, settlements, stipulations, critical vendors and shippers/warehousemen agreements, and advised the Debtors on general accounts payable questions.
- c. Business Plan and Operational Improvements: On an ongoing basis after Commencement Date, M-III assisted the Debtors in the identification and implementation of operational improvement activities and cost reductions including SG&A analysis, marketing analysis, store level due diligence and creditor due diligence requests.
- d. Case Administration: On an ongoing basis after the Commencement Date, M-III advised and assisted the Debtors with respect to internal and external communications planning and documentation. M-III also prepared for and attended Bankruptcy Court hearings. M-III also completed analysis and assisted the Debtors on various first and second day motions filed including First Day Declarations, Procedures for Store Closing Sales, Lease Rejection, Omnibus Motion to Reject Certain Unexpired Leases, Cash Management, Cash Collateral, Taxes, Utilities, Insurance, Employee Wages and Benefits, Critical Vendors, Shippers Lien Claimants, Warranty and Customer Programs, Trust Fund Programs, Ordinary Course Professionals Motions, and on entry of Orders to implement required reporting and other activities contemplated by the various filed motions. M-III also prepared for and participated in strategic meetings with Debtors' counsel.
- e. Claims Administration and Objections: On an ongoing basis, M-III aggregated the information for the creditor matrix, advised and assisted the Debtors with the claims planning process.

- f. Corporate Governance and Board Matters: On an ongoing basis after the Commencement Date, M-III prepared for and participated in Board Meetings and meetings of the Restructuring Committee of the Board.
- g. DIP Reporting: On an ongoing basis after the Commencement Date, M-III prepared weekly reports to illustrate cash flows and liquidity as compared to DIP Budget projections including related methodologies, as well as cash management planning. M-III distributed the weekly variance reports to the DIP ABL Lenders, the DIP Term Lenders, and the financial advisors to the Creditors' Committee, and addressed questions from these parties, as they arose.
- h. Employee Benefits and Pensions: On an ongoing basis after the Commencement Date, M-III assisted the Debtors with various employee and retiree benefit issues, including compensation, bonuses, severance, insurance benefits. M-III also worked with management to create a KEIP/KERP Plan.
- i. Employment and Fee Applications: After the Commencement Date, M-III prepared its retention documents in compliance with court guidelines.
- j. Meetings and Communications with Creditors: On an ongoing basis, after the Commencement Date, M-III prepared for and participated in meetings and teleconferences with the ABL/DIP Lenders, prospective junior DIP Lenders, various NDA counterparties, the Official Committee of Unsecured Creditors and their respective advisors.
- k. Meetings and Communications with Bank Advisors: On an ongoing basis, after the Commencement Date, M-III prepared and participated in meetings and teleconferences with Debtors' secured DIP lenders and advisors.
- l. Meetings and Communications with Restructuring Committee: On an ongoing basis, after the Commencement Date, M-III prepared and participated in meetings and teleconferences with Debtors' Restructuring Committee.
- m. Real Estate – Assumption and Rejection of Leases and Contracts: On an ongoing basis, M-III assisted the Debtors with lease analyses, potential assumption or rejection of leases, lease negotiation, and execution of lease strategy.
- n. Real Estate – GOB Analysis/Reporting: On an ongoing basis, assisted the Debtors with analysis and reporting related to the GOBs including aggregating data related to noticing appropriate parties related to the GOBs.
- o. Real Estate – Unencumbered Real Estate Sales & Analysis: On an ongoing basis, assisted the Debtors in analysis and reporting related to the unencumbered real estate.
- p. Reporting: On an ongoing basis, after the Commencement Date, M-III assisted with matters related to the US Trustee, assisted the Debtors with accounting

related items including but not limited to, filing date cut-off process, pre-petition claims payment processes, and other accounting related items.

- q. Wind-Down Budget: On an ongoing basis after the Commencement Date, M-III assisted the Debtors in developing and updating a Wind-Down Budget.
3. Exhibit A attached hereto includes a list of the personnel that provided services to the Debtors during the Reporting Period, their respective titles, their respective billing rates, the aggregate hours spent by each individual, and the total compensation earned by each individual.
4. Exhibit B attached hereto is a breakdown of the reasonable expenses incurred by M-III during the Reporting Period.

Dated: December 6, 2018
New York, New York

By: 
Mohsin Y. Meghji
Managing Member
M-III Advisory Partners, LP
130 West 42nd St.,
17th Floor
New York, NY 10036

Exhibit A

Case No.: 18-23538 (RDD)
Case Name: Sears Holdings Corporation
M-III Advisory Partners, LP
October 15, 2018 Through October 31, 2018

EXHIBIT A

Summary of Compensation Sought for the Reporting Period (October 15 - October 31, 2018)

TOTAL HOURS	TOTAL FEES (a)	TOTAL EXPENSES (b)	TOTAL COMPENSATION	MONTHLY COMPENSATION FEES (100%)	MONTHLY COMPENSATION EXPENSES (100%)	TOTAL MONTHLY COMPENSATION
1,906.3	\$719,985.50	\$57,103.86	\$777,089.36	\$719,985.50	\$57,103.86	\$777,089.36

Note(s):

(a) Total fees of \$719,985.50 includes \$450,000 for hours billed by professional fixed fee and \$269,985.50 for hours billed by professional.

(b) Total expenses are net of voluntary reductions of \$2,988.79, as set forth in Exhibit B below.

Case No.: 18-23538 (RDD)

Case Name: Sears Holdings Corporation

M-III Advisory Partners, LP

October 15, 2018 Through October 31, 2018

Summary of Hours Billed by Professional Fixed Fee

Employee Name	Initial	Title	Total Hours	Total
Meghji, Mohsin	MM	Managing Partner	161.9	\$0.00
Griffith, Brian	BG	Managing Director	183.0	-
Good, Christopher	CG	Director	143.9	-
Korycki, Mary	MK	Director	146.4	-
Tanaka, Kevin	KT	Vice President	65.3	-
Acevedo, Enrique	EA	Senior Associate	110.7	-
Sima, Wesley	WS	Senior Associate	183.7	-
Zatzkin, Noah	NZ	Senior Associate	156.4	-
Weber, Nicholas	NW	Senior Analyst	109.5	-
Frantz, Joseph	JF	Analyst	149.9	-
Ahmetaj, Ergin	EA	Analyst	101.4	-
Total (a)			1,512.1	\$450,000.00

Note(s):

- (a) Per Debtors' Application for entry of an order Authorizing the Debtors to retain M-III Advisory Partners, LP to provide a Chief Restructuring Officers and certain additional personnel for Debtors Nunc Pro Tunc to commencement date; paragraph 20(i) (ECF No. 328) Compensation for Services. In accordance with the terms of the Engagement Letter, M-III shall be entitled to non-refundable professional fees at a flat rate of (a) during such time as the Core Team is comprised of the CRO plus ten (10) additional professionals, \$900,000 per month and (b) during such time as the Core Team is comprised of the CRO plus eight (8) additional professionals, \$750,000 per month. If additional staffing is required, additional professionals will be billed at a rate which is \$50 less than M-III's standard hourly rates. (ECF No. 328)
- The Fixed Fee shown above has been pro rated for the last 16 days of the month at the rate of \$29,032.26 per day (based upon a month of 31 days for October).

Case No.: 18-23538 (RDD)

Case Name: Sears Holdings Corporation

M-III Advisory Partners, LP

October 15, 2018 Through October 31, 2018

Summary of Hours Billed by Professional

Employee Name	Initial	Title	Total Hours	Rate (a)	Total
Adams, Colin	CA	Managing Director	166.5	\$825	\$137,362.50
Gallagher, William	BW	Managing Director	52.9	\$825	\$43,642.50
Boffi, Jonathan	JB	Vice President	158.8	\$525	\$83,370.00
Allan, Daniel	DA	Associate	16.0	\$350	\$5,610.50
Total			394.2		\$269,985.50

Note(s):

- (a) Per Debtors' Application for entry of an order Authorizing the Debtors to retain M-III Advisory Partners, LP to provide a Chief Restructuring Officers and certain additional personnel for Debtors Nunc Pro Tunc to commencement date; paragraph 20(i) (ECF No. 328) Compensation for Services. In accordance with the terms of the Engagement Letter, M-III shall be entitled to non-refundable professional fees at a flat rate of (a) during such time as the Core Team is comprised of the CRO plus ten (10) additional professionals, \$900,000 per month and (b) during such time as the Core Team is comprised of the CRO plus eight (8) additional professionals, \$750,000 per month. If additional staffing is required, additional professionals will be billed at a rate which is \$50 less than M-III's standard hourly rates. (ECF No. 328)

Exhibit B

Case No.: 18-23538 (RDD)

Case Name: Sears Holdings Corporation

M-III Advisory Partners, LP

October 15, 2018 Through October 31, 2018

Summary of Necessary Expenses Incurred

Description	Total
Air Travel	\$21,803.00
Hotels	20,400.84
Meals	5,594.24
Rental Car	5,425.65
Taxi/Car Service	5,963.84
Telephone/Internet	905.08
Sub-Total Before Reductions	\$60,092.65
Voluntary Reductions	(2,988.79)
Total (a)	\$57,103.86

Note(s):

- (a) Total amounts are based on M-III's expense reporting system as of the date of this Monthly Report, and may not be reflective of all expenses incurred during the Reporting Period. As such, future monthly reports may include expenses incurred during the Reporting Period.